

## Message Text

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INFO OCT-01 IO-14 ISO-00 CIAE-00 COME-00 EB-11 INR-10

LAB-06 NSAE-00 RSC-01 SIL-01 DODE-00 PM-07 H-03 L-03

NSC-10 PA-04 PRS-01 SPC-03 SS-20 USIA-15 SAJ-01 OMB-01

DRC-01 /138 W

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R 241754Z JAN 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9930

INFO AMCONSUL BREMEN

AMCONSUL HAMBURG

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL STUTTGART

AMCONSUL MUNICH

USMISSION BERLIN

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY VIENNA

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E.O. LL652: N/A

TAGS: ELAB, GW

SUBJECT: GOVERNMENT COALITION COMPROMISE ON CODETERMIN-

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ATION AND WORKER CAPITAL ACCUMULATION.

1. SUMMARY. SPD LABOR MINISTER WALTER ARENDT AND FDP MINISTER AT LARGE WERNER MAIHOFFER ON JANUARY 22 ANNOUNCED THE LONG DELAYED COMPROMISE PROPOSALS ON LABOR-MANAGEMENT CODETERMINATION (MITBESTIMMUNG) AND CAPITAL ACCUMULATION BY WORKERS (VERMOEGENSBILDUNG), TWO PRIORITY ISSUES OF THE GOVERNMENT'S DOMESTIC REFORM PROGRAM. THE CODETERMINATION PROPOSAL WOULD BE THE FIRST EXTENSION OF PARITY REPRESENTATION FOR WORKERS ON BOARDS OF SUPERVISORS SINCE CODETERMINATION WAS FIRST IMPLEMENTED IN THE COAL AND STEEL INDUSTRY IN 1951. IN THE COMPROMISE ON MITBESTIMMUNG, THE FDP APPARENTLY MADE CONCESSIONS ON THEIR DEMANDS FOR INDEPENDENT REPRESENTATION AND ELECTION OF MANAGERIAL EMPLOYEES AND THE EXCLUSION OF FULL-TIME UNION OFFICIALS OR "OUTSIDERS" FROM REPRESENTING WORKERS ON COMPANY BOARDS OF SUPERVISORS. NEITHER COMPROMISE SATISFIES EITHER COALITION PARTNER AND THEY ARE ONLY GRUDGINGLY ACCEPTED BY THE DGB. THE DGB IS NOT SATISFIED WITH THE COMPROMISE ON CODETERMINATION BECAUSE IT OPPOSES THE INDEPENDENT REPRESENTATION OF MANAGERIAL EMPLOYEES ON THE BOARD OF SUPERVISORS. BUT THE COMPROMISES WILL PARTIALLY ELIMINATE SOME OF THE TENSIONS WITHIN THE COALITION IN THE IMMEDIATE FUTURE AND WILL INFLUENCE THE DEVELOPMENT OF INDUSTRIAL RELATIONS IN THE FUTURE. WITHIN THE SPD THE COMPROMISES REPRESENT A VICTORY FOR THE MODERATE LABOR WING OVER THE YOUNG SOCIALISTS WHO SUPPORT INCREASED NATIONALIZATION OF INDUSTRY. END SUMMARY

2. THE PROPOSED CODETERMINATION MODEL WOULD APPLY TO THE APPROXIMATELY 650 CORPORATIONS HAVING MORE THAN 2,000 EMPLOYEES AND WOULD BECOME EFFECTIVE ON JANUARY 1, 1975. COMPANIES OPERATING UNDER 1951 CODETERMINATION LAW FOR THE COAL AND STEEL INDUSTRY OR THE INDUSTRIAL RELATIONS ACT OF 1972 FOR SMALLER FIRMS WOULD REMAIN UNAFFECTED.

3. THE ANNOUNCEMENT INCLUDED THE FOLLOWING DESCRIPTION OF THIS NEW CODETERMINATION PROPOSAL: BOARDS OF SUPERVISORS (AUFSICHTSRÄTE) WOULD BE COMPOSED OF 20 REPRESENTATIVES. 7 OF THE 10 LABOR REPRESENTATIVES, ONE OF LIMITED OFFICIAL USE

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WHOM MUST BE A MANAGERIAL EMPLOYEE (LEITENDE ANGESTELLTE) WOULD BE ELECTED FROM AMONG THE EMPLOYEES OF THE COMPANY. THE 3 ADDITIONAL LABOR MEMBERS WOULD BE UNION REPRESENTATIVES FROM OUTSIDE THE COMPANY, NOMINATED BY THE HEADQUARTERS OF THE UNIONS REPRESENTING WORKERS IN THE CORPORATION. LABOR REPRESENTATIVES WOULD BE CHOSEN INDIRECTLY. CANDIDATES WOULD BE NOMINATED BY THE 3 GROUPS WITHIN THE COMPANY, BLUE-COLLAR WORKERS (ARBEITER),

SALARIED EMPLOYEES (ANGESTELLTE) AND MANAGERIAL  
EMPLOYEES (LEITENDE ANGESTELLTE). NOMINATION WOULD RE-  
QUIRE A PETITION SIGNED BY AT LEAST 1/5 OF THE VOTERS OF  
THE APPROPRIATE GROUP. AT LEAST 2 COMPETITIVE CANDI-  
DATES WOULD HAVE TO BE NOMINATED FOR EACH POSITION.  
SALARIED EMPLOYEES AND BLUE-COLLAR WORKERS COULD NOMI-  
NATE CANDIDATES TO REPRESENT THE MANAGERIAL EMPLOYEES.  
THE WORKERS WOULD ALSO CHOOSE ELECTORS WHO WOULD CHOOSE  
THE LABOR REPRESENTATIVES FROM THOSE NOMINATED. TO BE  
ELECTED A CANDIDATE WOULD HAVE TO POLL THE ABSOLUTE  
MAJORITY OF THE VOTES OF THE ELECTORAL BODY ON THE  
FIRST ROUND OR THE SIMPLE MAJORITY ON THE SECOND ROUND.  
THE LO STOCKHOLDER REPRESENTATIVES ON THE BOARD OF  
SUPERVISORS WOULD BE DIRECTLY ELECTED BY THE STOCKHOL-  
DERS. SHOULD THE MAJORITY OF EITHER GROUP OPPOSE THE  
ELECTION OF A MEMBER OF THE OPPOSITE GROUP, A CONCILIA-  
TION COMMITTEE COMPOSED OF AN EQUAL NUMBER OF LABOR AND

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MANAGEMENT REPRESENTATIVES, WOULD BE APPOINTED TO SETTLE  
THE DISPUTE BEFORE A SECOND VOTE IS TAKEN.

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4. IN THE COMPROMISE, THE FDP APPARENTLY MADE SIGNIFICANT CONCESSIONS. THE FDP HAD ORIGINALLY INSISTED ON INDEPENDENT ELECTION AND SEPARATE REPRESENTATION FOR MANAGEMENT EMPLOYEES WHEREAS THE PROPOSED MODEL PLACES MANAGERIAL REPRESENTATIVES IN THE SAME GROUP WITH THE WORKER REPRESENTATIVES. THE FDP ALSO OPPOSED INCLUDING ANY OUTSIDE UNION REPRESENTATIVES ON THE BOARDS OF SUPERVISORS BUT AGREED TO ACCEPT THREE. THE DGB IS ALSO DISSATISFIED SINCE IT VIEWS THE SEPARATE REPRESENTATION OF MANAGERIAL EMPLOYEES ON THE BOARDS OF SUPERVISORS AS AN INTOLERABLE DIVISION OF EMPLOYEES. THE GERMAN EMPLOYERS ASSOCIATION, INDUSTRY INSTITUTE, CDU/CSU AND THE MANAGEMENT PERSONNEL ASSOCIATION ALSO STRONGLY OPPOSE THE NEW PROPOSALS.

5. WE WILL REPORT DETAILS OF THE NEW CAPITAL ACCUMULATION (VERMOEGENSBILDUNG) PROPOSALS BY SEPARATE TELEGRAM.

6. COMMENT. DESPITE RESERVATIONS BY BOTH COALITION PARTNERS, THIS COMPROMISE BETWEEN THE SPD AND THE FDP REPRESENTS SIGNIFICANT PROGRESS BY THE GOVERNMENT IN CARRYING OUT ITS SOCIAL REFORM COMMITMENTS. THE AGREEMENT ALSO RESOLVES MAJOR STRAINS WITHIN THE COALITION.  
END COMMENT  
HILLENBRAND

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LABOR RELATIONS, COAL, STEEL  
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**Copy:** SINGLE  
**Draft Date:** 24 JAN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
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**Review Authority:** garlanwa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 MAR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <20 MAR 2002 by worrelsw>; APPROVED <12 APR 2002 by garlanwa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOVERNMENT COALITION COMPROMISE ON CODETERMIN- LIMITED OFFICIAL USE  
**TAGS:** ELAB, GE, (ARENDT, WALTER)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005